

1.0 Formation of Contract

This proposed contract (“Purchase Order”, “PO”, “contract” or “Agreement”) is Buyer’s offer to purchase the goods and services (“Goods”) described in this offer from the Seller named on Buyer’s PO. Acceptance is strictly limited to the terms and conditions in this offer. Unless specifically agreed to in writing by Buyer’s authorized Contract Representative (“CR”), Buyer objects to, and is not bound by, any term or condition that differs from or adds to this offer. Seller’s commencement of performance or acceptance of this offer in any manner shall conclusively evidence acceptance of this offer as written.

2.0 Currency

Unless otherwise specified elsewhere herein, all prices and payments shall be in the currency of the United States (U.S. dollars), with no prices or payments adjusted for changes in currency exchange rates.

3.0 Schedule, Shipments and Delivery

- a) Seller shall strictly adhere to the schedules specified in this contract. In the event of any anticipated or actual delay, Seller shall: (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide Buyer with a written recovery schedule; and (iii), if requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum extent possible. Unless Seller is excused from prompt performance as provided in the “Force Majeure” article of this contract, the added premium transportation costs are to be borne by Seller and not considered as an allowable cost under this contract.
- b) Seller shall not deliver Services prior to the scheduled delivery dates, unless authorized by Buyer.
- c) Seller shall comply with carrier tariffs. Unless this contract specifies otherwise, the price includes shipping charges for materials sold F.O.B. destination. Unless otherwise specified in this contract, materials sold F.O.B. place of shipment shall be forwarded collect. Seller shall make no declaration concerning the value of the materials shipped except on materials where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating.

4.0 Packing and Marking

All Goods shall be prepared for shipment and packed to prevent damage or deterioration. No charges will be paid by Buyer for preparation, packing, crating, cartage, or storage unless specifically stated in this PO. All invoices, packing lists, packages, shipping notices, manuals and other documents relevant to this order shall reference the PO number.

5.0 Quality Control

Seller shall establish and maintain a quality control system acceptable to Buyer for the Services purchased under this contract. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. Seller shall have a continuing obligation to promptly notify Buyer of any violation of or deviation from Seller’s approved inspection/quality control system and to advise Buyer of the quantity and specific identity of any Services delivered to Buyer during the period of any such violation or deviation.

5.1 Counterfeit Parts prevention

Seller shall have a counterfeit parts avoidance, detection, mitigation, and disposition program meeting the requirements of Aerospace Standard AS5553. Seller shall only deliver authentic

components, devices, pieces, material, modules, assemblies, subassemblies, goods, etc. that are manufactured by or obtained from original equipment manufacturers, original component manufacturers or authorized distributors. Seller shall make available documentation that authenticates and provides traceability of the parts as applicable.

6.0 Seller's Notice of Discrepancies

Seller shall notify Buyer in writing when discrepancies in Seller's process or Goods are discovered or suspected regarding Goods delivered or to be delivered under this PO.

7.0 Inspection

- a) At no additional cost to Buyer, Goods shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Buyer shall perform inspections, surveillance and tests so as not to unduly delay the work.
- b) Seller shall maintain an inspection system acceptable to Buyer for the Goods purchased under this PO.
- c) If Buyer performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

8.0 Acceptance and Rejection

- a) Buyer shall accept the Goods, or give Seller notice of rejection or revocation of acceptance ("rejection" herein), notwithstanding any payment, prior test or inspection, or passage of title. No inspection, test, delay or failure to inspect or test or failure to discover any defect or other non-conformance shall relieve Seller of any obligations under this contract or impair any rights or remedies of Buyer.
- b) If Seller delivers non-conforming Goods, Buyer may at its option and at Seller's expense (i) return the Goods for credit or refund; (ii) require Seller to promptly correct or replace the Goods or Services; (iii) correct the Goods or Services; or (iv) obtain replacement Goods from another source.
- c) Seller shall not redeliver corrected or rejected goods without disclosing the former rejection or requirements for correction. Seller shall disclose any corrective action taken. Repair, replacement and other correction and redelivery shall be completed within the original delivery schedule or such later time as Buyer's CR may reasonably direct.
- d) All costs and expenses and loss of value incurred as a result of or in connection with non-conformance and repair, replacement or other correction may be recovered from Seller by equitable price reduction or credit against any amounts that may be owed to Seller under this PO or otherwise.

9.0 Organisation, Facilities and Processes

9.1 Life Limited Items

Material or articles having characteristics susceptible to degradation with age shall be identified and marked with the date critical life was initiated and the expiration date of useful life both opened and unopened (minimum 67% of useful life remaining after receipt by Buyer). In addition to normal marking requirements, the containers of life limited items shall identify any special storage and/or handling requirements.

9.2 Changes to Manufacturing Facilities

The Seller shall notify Buyer in the event that they, or their subcontractors, intends to relocate their manufacturing location to a new or alternate facility. The Seller shall provide Buyer with sufficient notice in advance and allow for an on-site review.

9.3 Changes in Materials and Processes

Seller agrees not to make any changes in any materials and / or manufacturing processes that affects, or has the potential to affect, the product being procured under this order without prior written approval of Buyer. The Seller shall ensure that material or finished parts furnished hereunder are controlled and tested in accordance with

identified specifications, and complies with all specified requirements, and that all applicable records are maintained on file and shall be made available for examination by representatives of Buyer and / or their customers and regulatory authorities.

9.4 Requirements for Control of Soldering and Plating Materials

Electronic, Electrical, Electro-Mechanical, and Mechanical items and assemblies **SHALL NOT HAVE PURE TIN** finishes. This applies to component leads/terminations, body, cages, brackets, housings, mechanical items, etc. Hardware (nuts, bolts, screws, etc.) shall not have a pure tin finish unless otherwise stated in the drawing or specification.

Any tin-lead plating or solder process/processes shall require no less than 3% lead composition unless specifically authorized in writing by Buyer. The Seller shall be responsible, whenever applicable, for communicating this requirement to their sub-tier Sellers.

The Seller shall ensure that these requirements are, where applicable, flowed down to their sub-tier Sellers. The Seller shall ensure that their sub-tier Sellers notifies them as to changes to materials and / or processes that could affect the supply of compliant products to Buyer. The Seller shall immediately advise Buyer as to the details of the changes and request disposition of the non-conforming products.

10.0 Warranty

Seller warrants that all materials furnished under this contract shall conform to all specifications and requirements of this contract and shall be free from defects in materials and workmanship. To the extent Goods are not manufactured pursuant to detailed designs and specifications furnished by Buyer, the materials shall be free from design and specification defects. This warranty shall survive inspection, test and acceptance of, and payment for, the materials. This warranty shall run to Buyer and its successors, assigns and customers. Such warranty shall prompt correction or replacement of the defective or nonconforming materials. Return to Seller of defective or nonconforming materials and redelivery to Buyer of corrected or replaced Goods shall be at Seller's expense. Materials required to be corrected or replaced shall be subject to this article and the "Inspection" article of this contract in the same manner and to the same extent as Goods originally delivered under this contract, but only as to the corrected or replaced part or parts thereof. Even if the parties disagree about the existence of a breach of this warranty, Seller shall promptly comply with Buyer's direction to (i) repair, rework or replace the Goods or (ii) furnish any materials or parts and installation instructions required to successfully correct the defect or non-conformance. If the parties determined that Seller did not breach this warranty, the parties shall equitably adjust the contract price.

11.0 Risk of Loss

All risk of loss shall be borne by Seller for POs identifying the FOB point to be "DESTINATION". Seller shall select the appropriate carrier and prepay all delivery charges. In addition, Seller assumes all risks for (A) loss or damage critical delivery to and acceptance by Buyer, (B) loss or damage to property of or death or bodily injury to third parties, (C) loss or damage on returns of excess quantities, premature deliveries or rejects, and (D) loss or damage to material or other property furnished Seller by Buyer.

12.0 Taxes

Unless this contract specifies otherwise, the price of this contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by the contract except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption.

13.0 Defective Pricing

Seller represents and warrants that the prices set forth herein do not and will not violate any federal, provincial, state, or municipal law or regulation with respect to price discrimination or price fixing. Therefore, with respect to such prices, Seller hereby indemnifies and agrees to exonerate and hold Buyer harmless from and against any costs, losses, and damages of whatever nature occasioned by, arising out of, or in any way connected with a violation of any such laws or regulation. If any price excess exists, Seller agrees to reduce the price by the amount of such excess.

Seller agrees that it will provide to Buyer the lowest possible price for the items listed on Buyer's PO, and should a customer other than Buyer receive pricing lower than the prices stated above for similar products/quantities, Seller shall provide to Buyer equivalent pricing.

14.0 Invoice/Payment

Unless otherwise authorized by Buyer's CR, Seller shall issue a separate original invoice for each delivery of Goods that shall include Buyer's contract number and line item ("LI") number. Seller shall forward its invoice to the address specified elsewhere in this contract. Unless freight or other charges are itemized, Buyer may take any offered discount on the full amount of the invoice. Payment due date, including discount periods, shall be computed from the later of the schedule delivery of Goods date, the actual delivery of Goods date or the date of receipt of a correct invoice. Payment shall be deemed made on the date Buyer's cheque is mailed or payment is otherwise tendered. Seller shall promptly pay Buyer any amounts paid in excess of amounts due Seller.

15.0 Changes

- a) Buyer's CR may, without notice to sureties and in writing, direct changes within the general scope of this contract in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) amount of Buyer-furnished property; (vi) terms and conditions of this contract required to meet Buyer's obligations under Government prime contracts or subcontracts; and, if this contract includes services, (vii) description of services to be performed; (viii) time of performance(e.g., hours of the day, days of the week); and (ix) place of performance. Seller shall comply immediately with such direction.
- b) If such change increases or decreases the cost or time required to perform this contract, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Buyer shall modify this contract in writing accordingly. Unless agreed in writing, Seller must assert any claim for adjustment to Buyer's CR in writing within 25 days and deliver a fully supported proposal to Buyer's CR within 60 days after Seller's receipt of such direction. Buyer, may at its sole discretion, consider any claim regardless of when asserted. If Seller's proposal includes the cost of property made obsolete or excess by the change, Buyer may direct the disposition of the property. Buyer may examine Seller's pertinent books and records to verify the amount of Seller's claim. Failure of the parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Buyer's direction.
- c) If Seller considers Buyer's conduct constitutes a change, Seller shall notify Buyer's CR immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's CR, Seller shall take no action to implement any such change.

16.0 Disputes

Any dispute that arises under or is related to this contract that cannot be settled by mutual agreement of the parties may be decided by a court of competent jurisdiction. Pending final resolution of any dispute, Seller shall proceed with performance of this contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

17.0 Force Majeure

Seller shall not be liable for excess procurement costs pursuant to the "Cancellation for Default" article of this contract, incurred by Buyer because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of Seller. Examples of these causes are (a) acts of God or of the public enemy; (b) acts of the Government in either its sovereign or contractual capacity, (c) fires, (d) floods, (e) epidemics, (f) quarantine restrictions, (g) strikes, (h) freight embargoes and (i) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of Seller. If the delay is caused by delay of a subcontractor of Seller and if such delay arises out of causes beyond the reasonable control of both, and if such delay is without the fault or negligence of either, Seller shall not be liable for excess costs unless the Goods to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedules. Seller shall notify Buyer in writing with ten (10) days after the beginning of any such cause.

18.0 Assignment, Delegation and Subcontracting

Seller shall not assign any of its rights or interest in this contract or subcontract all or substantially all of its performance of this contract, without Buyer's prior written consent. Seller shall not delegate any of its duties or obligations under this contract. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this contract or prejudice any of Buyer's rights against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw materials.

19.0 Publicity

Without Buyer's prior written approval, Seller shall not, and shall require that its subcontractors at any tier shall not, release any publicity, advertisement, news release or denial or confirmation of same regarding this contract or the Goods or program to which it pertains. Seller shall be responsible to Buyer for any breach of such obligation by any subcontractor.

20.0 Buyer's Property

All materials, tools, jigs, fixtures, specifications, methods, processes and other property, owned or paid for by Buyer, shall be the property of Buyer and shall be identified and marked as such. Buyer owned property shall only be used in connection with Buyer orders and the Seller shall ensure that the property is covered by adequate liability, damage and fire insurance (including extended coverage) for the fair and reasonable value. The Seller shall assume full liability for and maintain and repair the same and return the same to Buyer in good condition (with allowance for reasonable wear and tear for the period of use) and shall provide inventories thereof when requested by Buyer and certify to Buyer that all use thereof is expended on Buyer order(s).

21.0 Infringement Indemnity

Seller shall defend at its expense any suit against Buyer and/or its Customers, based on a claim that any item furnished to Buyer under this order, or the normal use of sale thereof (or sub-component including product contained within, process used in performance, documentation, materials, or technology), infringes on a Letters Patent, Copyright, or other such documented ownership, covering combinations of such items, with items not furnished by Seller, and shall pay costs and damages finally awarded in any such suit, attorneys fees, loss of profit, etc., provided that the Seller is notified in writing of the suit and given authority, information, and assistance at Seller's expense for the defence of same. If the use or sale of said item is enjoined, as a result of such suit, Seller, at no expense to Buyer, shall obtain for Buyer and its Customer the right to use and sell said item or shall substitute an equivalent item acceptable to Buyer and extend this patent indemnity thereto.

22.0 Confidential, Proprietary and Trade Secret Information and Materials

Buyer and Seller shall each keep confidential and protect from unauthorized use and disclosure all (a) confidential, proprietary and/or trade secret information; (b) tangible items and software containing, conveying or embodying such information; and (c) tooling identified as being subject to this article and obtained, directly or indirectly, from the other in connection with this contract or other agreement referencing this contract (collectively referred to as "Proprietary Information and Materials"). Buyer and Seller shall each use Proprietary Information and Materials of the other only in the performance of and for the purpose of this contract and/or any other agreement referencing this contract. However, despite any other obligations or restrictions imposed by this article, Buyer shall have the right to use, disclose and reproduce Seller's Proprietary Information and Materials, and make derivative works thereof, for the purposes of testing, certification, use, sale or support of any Goods delivered under this contract or any other agreement referencing this contract. Any such use, disclosure, reproduction or derivative work by Buyer shall, whenever appropriate, include a restrictive legend suitable for the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from Buyer's Proprietary Information and Materials. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this contract, Seller shall return to Buyer all of Buyer's Proprietary Information and Materials and all materials derived therefrom, unless specifically directed otherwise in writing by Buyer. Seller shall not, without the prior written authorization of Buyer, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying or made in accordance with or by reference to any Proprietary Information and Materials of Buyer. Prior to disposing of such parts or other materials as scrap, Seller render them unusable. Buyer shall have the right to audit Seller's compliance with this article. Seller may disclose Proprietary Information and Materials to its subcontractors as required for the performance of this contract,

provided that each such subcontractor first agrees in writing to the same obligations imposed upon Seller under this article relating to Proprietary Information and Material. Seller shall be liable to Buyer for any breach of such obligation by such subcontractor. The provisions of this article are effective in lieu of any restrictive legends or notices applied to Proprietary Information and Materials. The provisions of this article shall survive the performance, completion, termination or cancellation of this contract.

23.0 Financial Records and Audit

Seller shall retain all financial records and documents pertaining to the Goods for a period of no less than three (3) years after final payment. Such records and documents shall date back to the time this contract was issued and shall include without limitation, catalogs, price lists, invoices, underlying data and basis for cost estimates, and inventory records. Buyer shall have the right to examine, reproduce and audit all such records related to pricing and incurred costs.

24.0 Rights of Buyer's Customers & Regulators to Perform Inspection, Surveillance & Testing

Buyer's rights to perform inspections, surveillance and tests and to review procedures, practices, processes and related documents related to quality assurance, quality control, flight safety and configuration control shall extend to the customers of Buyer that are departments, agencies or instrumentalities of the Canadian government and Transport Canada and any successor agency or instrumentality of the Canadian government. Buyer may also, at Buyer's option, by prior written notice from Buyer's CR, extend such rights to other customers of Buyer and to agencies or instrumentalities of foreign governments equivalent in purpose to Transport Canada or the US Federal Aviation Administration. Seller shall cooperate with any such government-directed or Buyer-directed inspection, surveillance, test or review without additional charge to Buyer. Nothing in this contract shall be interpreted to limit Canadian government access to Seller's facilities pursuant to law or regulation.

25.0 Gratuities

Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this contract or securing favourable treatment under this contract.

26.0 No Contributions, Fees, Gifts or Commissions

By accepting this PO, Seller represents and warrants to Buyer that Seller is in compliance with applicable laws relating to anti-corruption or anti-bribery, including the US Foreign Corrupt Practices Act and/or its Canadian equivalent, and neither directly nor indirectly, pay, offer, give or promise to pay or give, any portion of monies or anything of value received from Buyer to a public official or any personal in violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

27.0 Offset Credits

- a) To the exclusion of all others, Buyer or its assignees shall be entitled to all industrial benefits or offset credits which might result from this contract. Seller shall provide documentation or information that Buyer or its assignees may reasonably request to substantiate claims for industrial benefits or offset credits.
- b) Seller agrees to use reasonable efforts to identify the foreign content of goods that Seller either produces itself or procures from subcontractors for work directly related to this contract. Promptly after selection of a non-Canadian subcontractor for work under this contract, Seller shall notify Buyer of the name, address, subcontract point of contract and dollar value of the subcontract.

28.0 Use of Small Business Concerns

Seller agrees to actively seek out and provide the maximum practicable opportunities for small businesses to participate in the subcontracts Seller awards to the fullest extent consistent with the efficient performance of this contract.

29.0 Compliance with Laws

Seller shall comply with all Canadian federal, provincial, municipal and local applicable statutes and government rules, regulations and orders, including those pertaining to Export Control laws.

- a) In performing the obligations of this contract, both Parties will comply with all applicable export, import and sanctions laws, regulations, orders, and authorizations, as they may be amended from time to time, applicable to the export (including re-export) or import of goods, software, technology, or technical data (items) or services, including without limitation the International Traffic in Arms Regulations (ITAR).
- b) The Party conducting the export or import shall obtain all export or import authorizations which are required under the Export/Import Laws for said Party to execute its obligations under this PO. Each Party shall reasonably cooperate and exercise reasonable efforts at its expense to support the other party in obtaining any necessary licenses or authorizations required to perform its obligations under this PO. Reasonable cooperation shall include providing reasonably necessary documentation, including import, end-user and retransfer certificates.

30.0 Code of Conduct

Buyer is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Buyer's expectation is that Seller also will conduct its business fairly, impartially, and in an ethical and proper manner. If Seller has reason to believe that Buyer or any employee or agent of Buyer has behaved improperly or unethically under this contract, Seller shall report such behaviour to the Buyer's Office of the President. Although Buyer will not use the failure to report improper or unethical behaviour as a basis for claiming breach of contract by Seller, Seller is encouraged to exert reasonable effort to report such behaviour when warranted.

31.0 Code of Basic Working Conditions and Human Rights

Buyer is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its worldwide operations and to encouraging Seller to adopt and enforce applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety, environmental protection and non-discrimination on the basis of ethnicity, religious affiliation, age, marital status, military service, or sexual orientation. Seller will promptly cooperate with and assist Buyer in implementation of and adherence to these principals and requirements.

Any material breach of this section by Seller may be considered a major breach of this contract for which Buyer may elect to cancel any open orders between Buyer and Seller, for cause, in accordance with the provision of this order entitled "Cancellation for Default" or exercise any other right of Buyer for an Event of Default under this contract.

32.0 Title to Goods

Seller represents and warrants to Buyer that the Goods are owned beneficially by Seller with a good and marketable title thereto, free and clear of all encumbrances.

33.0 No Conflict

Seller represents and warrants to Buyer that the delivery of the Goods provided for in this Agreement will not result in:

- a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Seller under:
 - (i) any contract to which the Seller is a party or by which it is or its properties are bound;
 - (ii) any provision of the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Seller;
 - (iii) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Seller;
 - (iv) any licence, permit, approval, consent or authorization held by the Seller in relation to the delivery of the Goods; or
 - (v) any applicable law, statute, ordinance, regulation or rule; nor
- (b) the creation or imposition of any encumbrance on any of the Goods.

34.0 Litigation

Seller represents and warrants to Buyer that there are no actions, suits or proceedings (whether or not purportedly on behalf of the Seller) pending or, to the knowledge of the Seller, threatened against or affecting, the Seller in relation to the Goods and their delivery to Buyer, at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or before or by an arbitrator or arbitration board. To the knowledge of the Seller, there are no facts or grounds on which any such action, suit or proceeding might be commenced in connection with the delivery of the Goods, with any reasonable likelihood of success.

35.0 Full Disclosure

Seller represents and warrants to Buyer that neither this Agreement nor any document to be delivered by Seller pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

36.0 Contract Changes and Termination

36.1 Contract Amendment

Buyer may at any time, by written order, make changes within the general scope of this order. If any change causes an increase or decrease in the cost or time required in the performance of this order, an equitable adjustment shall be made in the price or delivery schedule, or both. Any claim by Seller for adjustments under this paragraph shall be submitted within 30 days of the date of receipt by Seller of Buyer's written order.

Buyer shall have the right to examine any of the Seller's pertinent books and records for the purpose of verifying Seller's claim. Nothing in this paragraph shall excuse Seller from proceeding with this order as changed, including failure of the parties to agree upon any adjustment to be made.

36.2 Termination for Convenience

Buyer reserves the right to terminate this agreement, in whole or in part, at any time for the convenience of Buyer by so notifying the Seller in writing. To the event of such termination, Buyer will give Seller instructions with respect to delivery of Goods (in process, purchased or committed) and Seller shall be compensated based on Seller's actual direct out of pocket costs, less amounts realized by Seller from the later sale of such items not purchased by Buyer.

36.3 Termination for Cause

- a) Buyer may, by written notice to Seller, cancel all or part of this contract if (i) Seller fails to deliver the Goods within the time specified by this contract or any written extension; (ii) Seller fails to perform any other provision of this contract or fails to make progress, so as to endanger performance of this contract, and, in either of these two circumstances, does not cure the failure within ten (10) days after receipt of notice from Buyer specifying the failure; or (iii) in the event of Seller's suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of creditors.
- b) Buyer may terminate this order in whole or part, if acts of God, war, threats of war, civil disorder, government acts or restrictions, labour difficulties, shortages of transportation, fuel, energy, labour or materials, cancellations or terminations of any of Buyer sales contracts or any other causes beyond a reasonable control of Buyer make receipt or use of the ordered goods impracticable.
- c) Seller shall continue work not cancelled. If Buyer cancels all or part of this contract, Seller shall be liable for Buyer's excess re-procurement costs.
- d) Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any (i) completed Goods, and (ii) any partially completed Goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights (collectively, "Manufacturing Materials") that Seller has specifically produced or acquired for the cancelled portion of this contract. Upon direction from Buyer,

Seller shall also protect and preserve property in its possession in which Buyer or its Customer has an interest.

- e) Buyer shall pay the contract price for Goods accepted. Payment for Manufacturing Materials accepted by Buyer and for the protection and preservation of property shall be at a price determined in accordance with the "Termination for Convenience" article of this contract, except that Seller shall not be entitled to profit. Buyer may withhold from any amount due under this contract any sum Buyer determines to be necessary to protect Buyer or Buyer's Customer against loss because of outstanding liens or claims of former lien holders.
- f) If, after cancellation, it is determined that Seller was not in default, the rights and remedies of the parties shall be as if the contract had been terminated according to the "Termination for Convenience" article of this contract.

37.0 General

37.1 Integration/Merger

This contract, along with the attachments incorporated herein by reference, contains all of the agreements, representations and understandings of the parties hereto and supersedes and replaces any and all previous understandings, commitments or agreements, oral or written, related to the award of this contract.

37.2 Rights and Remedies

Any failures, delays or forbearances of either party in insisting upon any provisions of this contract, or in exercising any rights or remedies under this contract, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. Except as otherwise limited in this contract, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the parties may have at law or in equity.

37.3 Applicable Law

This contract shall be governed by the laws of the Province of Ontario and the laws of Canada applicable in Ontario, and the Parties hereby irrevocably attorn to the courts in Ontario which shall have exclusive jurisdiction to determine any disputes arising out of this agreement.

37.4 Assignment

This contract shall not be assigned by the Seller, by operation of law or otherwise, without the prior written consent of the Buyer.

37.5 Successors and Assigns

The contract shall be binding upon and insure to the benefit of the Parties' respective affiliates, successors and permitted assigns.

37.6 Sections and Headings

The division of this contract into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this contract. Unless otherwise indicated, any reference in this contract to an article, section, subsection or schedule refers to the specified article, section or subsection of or schedule to this contract.

37.7 Number, Gender and Persons

In this contract, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

37.8 Contra Proferentum

The parties waive the application of any rule of law which otherwise would be applicable in connection with the construction of this contract that ambiguous or conflicting terms or provisions should be construed against the part who (or whose account) prepared the executed agreement or any earlier draft of the same.

37.9 Government Clauses

Government clauses applicable to this contract are incorporated herein either by attachment to this document or by some other means of reference.

37.10 Time of the Essence

Time shall be of the essence of this contract.

37.11 Severability

If any provision of this contract is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

37.12 English Language

The parties agree that this contract, as well as all contractual documents, correspondence, invoices, notices, and other documents, shall be in Canadian English. Any necessary conversations shall be in English.

The following sentence is applicable only to companies located in Quebec, Canada: “Les parties aux presentes ont convenu de rediger ce contrat en Anglais seulement.” [Translation: The parties hereto have agreed that this contract shall be drafted in English only.]

37.13 Entire Agreement

This contract contains the entire agreement of the parties and supersedes any and all prior agreements, understandings and communications between Buyer and Seller related to the subject matter of this contract.

37.14 Amendment or Modification

No amendment or modification shall bind either party unless it is in writing and is signed by Buyer’s CR and an authorized representative of Seller.

End